

**REALISING BRITAIN'S POTENTIAL:
FUTURE STRATEGIC CHALLENGES FOR BRITAIN**

Introduction

Britain is one of the most prosperous, successful countries in the world. And it has made great progress over the past decade, maintaining its traditional strengths of an open economy and tolerant society while tackling poverty, improving health and educational outcomes and becoming a better place for the many rather than the few.

But, if Britain and its people are to continue to prosper, new and growing challenges must be faced and new opportunities embraced. The Prime Minister therefore asked the Strategy Unit in the Cabinet Office to undertake a major assessment of the future challenges facing Britain.

This assessment has now been completed and is available as a Strategy Unit discussion paper, *Realising Britain's Potential: Future Strategic Challenges for Britain*. Drawing on an analysis of trends and drivers of change, future projections and scenarios from inside and outside government and a detailed analysis of Britain's strengths and weaknesses, it provides a comprehensive assessment of the long term challenges and opportunities facing Britain, covering:

- globalisation
- economic prosperity
- life chances, talent and social mobility
- the ageing and increasing diversity of the population
- family life and communities
- crime and public safety
- public services
- climate change, and
- the modernisation and renewal of the constitution and democratic institutions

The assessment suggests Britain is well placed to address these challenges and opportunities, and sets out a wealth of facts and insights to back this up.

Key themes and messages

The world around us is going to change profoundly. By 2020 China will be the 2nd and India the 6th largest economy in the world; 40% of the world's labour force will be in China and India; the world's population will have grown by another 1.2bn; and there will be increasing effects of climate change and increased pressure on global resources.

These global changes will inevitably increase competitive pressures on Britain. But, notwithstanding future challenges, the UK economy is fundamentally strong. Global changes will in any case open up a host of opportunities for Britain. Not just huge new markets in countries such as China and India but opportunities to create value from new technologies and innovation. The transition to a low carbon, low waste economy for example will open up vast new markets in environmental technologies. 400,000 people in the UK already have jobs in environmental goods and services, and this market is expected to at least double in size over the next ten years.

This doesn't mean global change isn't without risks. Clearly, as economies become increasingly interconnected, what happens in one country can quickly impact on others as the recent US credit crunch has shown. And Britain needs to respond to the growth of developing economies by moving increasingly into high value added sectors. The key is to manage and mitigate these risks through, amongst other things, open, flexible and adaptable markets; investment in skills, talent and opportunity for all; promoting a climate favourable to enterprise; and engaging all regions and localities of the UK in contributing to future prosperity.

Promoting skills, talent and opportunity will be especially important. Though substantial progress has been made in tackling poverty and promoting opportunity over the past ten years, there remain persistent gaps between the life chances of people from different backgrounds starting from birth and continuing throughout their lives. Countries with strong investment in early years rank highly on measures of educational excellence and equity. And as businesses move increasingly into high value added sectors, where the UK has comparative advantage, and seek employees with high skills, it will be ever more important to give those adults with no or low skills second chances to find and progress in work.

For many jobs softer skills (such as good inter-personal, communication and team working skills) will be increasingly important and, for those young people that do not go onto university, the apprenticeships programme will have a central role to play in helping them to develop such skills.

There will be major demographic and social changes. As a result of ageing and net migration, the UK population is likely to grow to 67m by 2020. The number of people over 85 is expected to grow by 50% by 2020 adding further pressures to health, social care and other services.

Family life will continue to change with average family size continuing to get smaller, more women delaying or having no children and more people living alone. This doesn't mean people don't value family life - on the contrary the evidence shows families are crucial to our well being. Strong, safe communities without crime and anti-social behaviour which provide healthy, happy and vibrant places to live will be increasingly important in supporting families and family life.

Public and individual expectations will continue to rise. People will increasingly access information and opinion from more diverse sources, impacting not only on their attitudes, but also their values, expectations and behaviours. Rising expectations will have particular consequences for public services.

Allied to economic, social and demographic change, technological innovation and other trends, public services will need to be tailored and personalised to individual needs. Public services will have to place greater emphasis on innovation, diversity of supply, user responsiveness, collaboration between users and providers, prevention, professionalism and value for money for the taxpayer.

Climate change, driven by human activity, is the greatest long-term threat facing the world today. Taking action to mitigate it is possible, but this will require decisive international action. The UK will need to play its role both as a leader of international change but also through its own domestic commitments.

The increasing skew in political and civic participation - with the young and disadvantaged half as likely to participate in politics as other groups - will need to be addressed. The Government's agenda for modernising the constitution and renewing our democracy at national and local level will be central to addressing this.

Further information

Copies of the Strategy Unit report are available at
www.cabinetoffice.gov.uk/strategy/